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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

In re:)	
)	
)	Chapter 11
BEAR ISLAND PAPER COMPANY, L.L.C., ¹)	
)	Case No. 10-31202 (DOT)
Debtor.)	
)	

**BEAR ISLAND PAPER COMPANY, L.L.C.'S RESERVATION OF
RIGHTS AND STATEMENT IN RESPONSE TO THE MONTHLY STATEMENTS OF
HUNTON & WILLIAMS LLP AND BORDEN LADNER GERVAIS LLP COUNSEL
FOR THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS,
FOR ALLOWANCE OF INTERIM COMPENSATION AND INTERIM
REIMBURSEMENT OF EXPENSES INCURRED**

Bear Island Paper Company, L.L.C., as a debtor and debtor in possession ("Bear Island" or "Debtor"), respectfully submits this statement in response ("Statement in Response") to the (a) *Monthly Statements of Hunton & Williams LLP* ("Hunton") and *Borden Ladner Gervais LLP* ("Borden"), *Counsel for Official Committee of Unsecured Creditors, for Allowance of Interim Compensation and Interim Reimbursement of Expenses Incurred for the Period March 5, 2010 through March 31, 2010* [Docket Nos. 256 and 258] (together, the "March Statements"), (b)

¹ The last four digits of the Debtor's federal tax identification number are 0914. The principal address for the Debtor is 10026 Old Ridge Road, Ashland, Virginia 23005.

Monthly Statements of Hunton and Borden, Counsel for Official Committee of Unsecured Creditors, for Allowance of Interim Compensation and Interim Reimbursement of Expenses Incurred for the Period April 1, 2010 through April 30, 2010 [Docket Nos. 261 and 262] (together, the “April Statements”) and (c) future monthly statements of Hunton and Borden for future periods throughout this chapter 11 case (the “Future Statements,” and, collectively with the March and April Statements, the “Statements”). In support of the Statement in Response, the Debtor respectfully states as follows:

Background

1. On February 24, 2010, Bear Island filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”), which commenced the above-captioned chapter 11 case.

2. The Debtor continues to operate its business and manage its property as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. On March 3, 2010, the United States Trustee for the Eastern District of Virginia appointed a statutory committee of unsecured creditors pursuant to section 1102(a)(1) of the Bankruptcy Code [Docket No. 90] (the “Committee”) and the Committee was reconstituted on April 6, 2010 [Docket No. 184].

4. On March 31, 2010, the Court entered the *Final Order (I) Authorizing the Debtor to Obtain Post-Petition Secured Financing Pursuant to 11 U.S.C. § 364, (II) Authorizing the Debtor’s Limited Use of Cash Collateral Pursuant to 11 U.S.C. § 363 and (III) Granting Adequate Protection to Prepetition Debt Lenders Pursuant to 11 U.S.C. §§ 361, 362, 363 and 364* [Docket No. 171] (the “Final DIP Order”).

5. The Final DIP Order authorized the Debtor, among other things, to enter into the Postpetition Credit Agreement² and obtain the financing it needed to operate its business and administer this chapter 11 case. The Postpetition Credit Agreement requires that the Debtor submit a budget (the “Budget”) to the DIP Agent that includes the fees and expenses incurred by, among other things, the retained professionals for the Committee. In addition, the Postpetition Credit Agreement requires that the Budget be approved by the DIP Agent and requires that the Debtor use the proceeds of the loan and collateral only “in a manner consistent with the Approved Budget.” (See ¶¶ 4.1(s) and 5.10(a) DIP Credit Agreement).

6. As of the date hereof, the Debtor understands that the Committee has not reached an agreement with the DIP Agent on the amount of the Hunton or Borden fees to be included in the Budget. However, the DIP Agent has agreed to include an amount of \$525,000 (the “Approved Committee Amount”) in the aggregate in the Budget for the fees and expenses incurred by Hunton or Borden during the chapter 11 case, which will be in addition to any amounts already included in the Budget for the Committee’s financial advisors. In addition, the DIP Agent has agreed that the Committee can allocate the Approved Committee Amount to any monthly fees and expenses of Hunton or Borden as it sees fit during the chapter 11 case but subject to the aggregate fee cap.

Statement in Response and Reservation of Rights

7. The Debtor does not object to the Statements at this time. The Debtor, however, reserves all rights (a) with respect to any quarterly or final fee application hearing, and (b) with respect to the payment of Hunton’s or Borden’s reasonable fees and expenses to ensure that the

² Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Final Dip Order.

Debtor is in compliance with the Budget as required under the Postpetition Credit Agreement and Final DIP Order.

Dated: May 28, 2010
Richmond, Virginia

BEAR ISLAND PAPER COMPANY, L.L.C.

By: /s/ Michael A. Cohen
Of Counsel

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was sent either electronically or by first class mail, postage prepaid, this 28th day of May, 2010, to all necessary parties.

/s/ Michael A. Cohen